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SUBJECT: PRM ACTING A/S WITTEN ATTENDS UNRWA'S ANNUAL HOSTS AND
DONORS MEETING

11. (SBU) Summary: The UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) held its semiannual Advisory Commission (AdCom) meeting November 17 and its annual Hosts and Donors Meeting November 18-19 in Amman to discuss current developments affecting Palestinian refugees, UNRWA's financial situation, efforts to operationalize UNRWA's protection strategy, and plans to commemorate UNRWA's 60th anniversary. UNRWA highlighted in particular the adverse operational effects it faces in 2009 in light of a possible \$157 million shortfall and also provided updates on its three-year management reform process. PRM Acting Assistant Secretary Witten attended the two-day Hosts and Donors Meeting, conducted side meetings with UNRWA senior officials, and signed the 2009 USG-UNRWA Framework for Cooperation. End Summary.

Commissioner General Focuses on
Shortfalls and Reform

12. (SBU) In her opening address, UNRWA Commissioner General Karen AbuZayd noted that UNRWA will confront significant challenges in 2009 and requested AdCom members to give special consideration for the "60th anniversary of Palestinian exile." Ongoing hardship in the West Bank and Gaza caused by obstacles to movement, the separation barrier, and settlement expansion challenge the viability of a future two-state solution, she said. Noting the "tremendous cost of the occupation" on UNRWA operations, AbuZayd called on all AdCom members to promote peace in the region. Resolving these challenges "is essential if donor support to UNRWA is to bear fruit."

13. (SBU) AbuZayd said UNRWA's 2009 financial outlook is "so grim that UNRWA will have to examine cutting services for the first time" in its history. Expected shortfalls leave at least an USD 157 million gap, AbuZayd and senior UNRWA staff stressed repeatedly in the three days of meetings. AbuZayd noted that the Organizational Development Plan (ODP), which began in 2006 and will conclude in 2009, has made gains in field-driven reforms in education, health, and relief, while also streamlining human resource management, program management, procurement, and leadership. She highlighted the progress on UNRWA's first-ever Medium Term Strategy for 2010-2015 and a 2010-2011 biennium budget that is needs-based and reflects the agency's strategic priorities.

UNRWA Developments in West Bank,
Gaza, Lebanon, Jordan and Syria

14. (SBU) Each of UNRWA's five field directors described operational successes and challenges of the previous six months. Common themes were difficulties posed by border closures and access restrictions; shortage of schools and double shifting in existing schools; and increased health care concerns.

-- GAZA: UNRWA Director for Gaza Operations John Ging reported that the Gaza crossings had been closed since November 4, forcing UNRWA to temporarily suspend food assistance to 750,000 Palestinian refugees in Gaza. He emphasized the need to re-open the crossings for humanitarian access and reminded donors that UNRWA has not been able to recommence USD 93 million in infrastructure projects in Gaza, including shelters, schools, and health clinics. (Note: The crossings were open 11/24 for humanitarian goods and closed again 11/25. End Note.) Ging highlighted the success of the "Schools of Excellence" initiative that helped 81 percent of failing children to pass through a remedial summer learning program. UNRWA/Gaza has also introduced the UNRWA-wide Human Rights Initiative to integrate the Human Rights and Tolerance Education curriculum into UNRWA schools to counteract the behavioral and psychological impact of the ongoing conflict. Ging is seeking support for a special education program to assist 20,000 - 40,000 refugee children with disabilities. Ging reported that reforms in the relief and emergency programs resulted in more accurate targeting of the poorest of the poor, and in 15 percent efficiency savings.

-- WEST BANK: Director for West Bank Operations Barbara Shenstone also reported that UNRWA's WB operations were substantially undermined by Israeli-imposed closures and incursions into UNRWA facilities. Shenstone noted an increase in roadblocks over the past year and the absence of "on the ground" improvements in the West Bank. Although UNRWA staff access improved in June-July, September witnessed a sharp rise in movement restrictions. So far in 2008, UNRWA has recorded 17 incidents of military incursions into UNRWA schools and facilities. Furthermore, house demolitions, evictions and settler violence accelerated. Within this "conflict environment," Shenstone said, UNRWA struggles to respond to the

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rising needs. Shenstone highlighted two special initiatives: 1) "protection" against the impact of violent hostilities, and 2) integrated, localized emergency response. UNRWA/WB is also leading an interagency effort to research and respond to the nutrition problems of Palestinian refugees and integrating women into the emergency job creation program.

-- JORDAN: Director for Jordan Operations Richard Cook noted that UNRWA/Jordan's 2008 budget was cut by 18 percent due to funding shortfalls, preventing UNRWA from filling important international and national position vacancies in health and education. Overburdening of staff is affecting the level and quality of services delivered. Systemic underfunding has also led to inadequate school facilities in Jordan where over 90% of UNRWA schools operate on a double shift. Access to UNRWA services in remote areas also poses a serious challenge, especially for the 131,000 "ex-Gazan" refugees in Jordan who do not have citizenship and cannot access government services or public employment opportunities. Cook also stressed the need for shelter rehabilitation to repair dilapidated homes.

-- LEBANON: Deputy Director for Lebanon Roger Davies said UNRWA faces significant challenges in Lebanon due to the complex political and security environment. He said he was encouraged by strong GoL cooperation in the reconstruction of Nahr al-Bared (NAB). Davies reported that rubble removal began in October and that construction of package one (first tranche of housing) will commence in January 2009. He requested donors to fulfill their pledges made at the June 2008 Vienna Conference, noting that receipt of 70 percent of those pledges (USD 112 million) would enable UNRWA to reconstruct more than 1,000 housing units. Davies expressed some concern over recent security incidents in the camps, especially in Ein El Hilweh. He also identified refugees' access to hospitalization services as a key challenge for 2009. UNRWA underfunding is severely affecting its ability to refer refugees for secondary and specialized health services in Lebanon.

-- SYRIA: Director Panos Moumtzis noted strides in education, vocational training, and capacity building, particularly for the majority youth population. UNRWA/Syria's needs assessment revealed that youth under the age of 25, comprising over 50 percent of Syria's Palestinian refugee population, have a much higher rate of

unemployment than Syrian youth. In response, UNRWA embarked on a rigorous "youth and business" initiative, including school construction, expansion of vocational training and establishment of youth career centers in five camps. UNRWA/Syria is also using school buildings to offer adult education in the evenings. With all UNRWA schools currently operating on a double-shift, Moutziz appealed to donors to support school construction to avoid moving to a triple-shift in the near future. He also appealed to regional governments to address the needs of Palestinian refugees from Iraq stranded for three years in al-Tanf camp on the Syrian-Iraq border.

UNRWA Facing Bleak Financial Situation in 2009

15. (U) UNRWA Deputy Commissioner General Filippo Grandi noted that UNRWA anticipates a 2009 budget shortfall of USD 157 million (of a USD 583 million budget). UNRWA's 2009 Budget includes its original 2009 estimates of USD 549 million, UNRWA along with USD 34 million in additional required expenditures, due to currency adjustments, hiring 900 teachers in Gaza, and maintaining competitive salaries.

16. (U) Grandi emphasized that, in 2009, UNRWA will have to seek increased resources while imposing additional austerity measures. To illustrate UNRWA's precarious financial situation, Grandi explained that UNRWA's working capital has fallen from USD 15.6 million at the beginning of 2008 to USD 1.3 million as of January 1, 2009. Insufficient working capital will impact UNRWA's ability to loan money internally to ensure continuity of health, education and relief services early in 2009. At the urging of the Norwegian chair, AdCom participants agreed to hold an extraordinary meeting in late February or March 2009 to detail how UNRWA will adjust to its 2009 shortfall and assess donor plans to help bridge the funding gaps.

UNRWA's Protection Strategy in Action

17. (SBU) UNRWA Legal Advisor Anna Segall led a panel discussion on UNRWA's efforts to translate its protection strategy, developed in 2007, into action. Segall stated that UNRWA considers its protection mandate as distinct from UNHCR's mandate, because it does not include durable solutions (e.g, finding a place of permanent residence). UNRWA aims to safeguard Palestinian refugees' rights

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vis-a-vis host governments and the GOI, to deliver services that protect these rights, and to ensure that protection needs cut across all UNRWA's policies and programs.

18. (SBU) UNRWA Protection Officer Florence Anselmo highlighted the acute protection needs due to the ongoing conflict in West Bank and Gaza. The humanitarian impact of the conflict in refugee camps includes human casualties, property damage, increased domestic violence, higher incidence of child depression, and lower academic achievement. UNRWA responds to these needs, including through advocacy with the GOI on refugees' behalf, providing counseling services for women and children and delivering mobile health services to refugees unable to access UNRWA services due to movement restrictions.

UNRWA Plans To Commemorate 60th Anniversary

19. (SBU) UNRWA staff reported that, on December 8, the 60th anniversary of UNRWA's mandate, UNRWA will launch a world-wide commemoration of its six decades of work. Working with host and donor governments, UNRWA hopes to hold events and activities September 2009 - June 2010 to highlight achievements in children's health and education, relief and micro-credit programs. UNRWA is also planning a high level event at the UN General Assembly in September 2009 in New York. Other proposed activities include concerts; digitizing UNRWA's archives; creating a resource center and a museum documenting the Palestinian refugees and highlighting their achievements; a high impact visual art installation project entitled "Between Heaven and Earth;" and a scholarship endowment for refugee children to pursue higher education. UNRWA hopes the

commemoration activities will serve as a platform to attract non-traditional donors and expand and diversify funding opportunities.

Acting Assistant Secretary Witten
Holds Side Meetings

¶10. (SBU) AA/S Witten met separately with CG Karen AbuZayd, Deputy Commissioner General Filippo Grandi, Senior Regional Representative Peter Ford, External Relations Director Fabian McKennon, and other UNRWA officials. Discussions focused on 2009 shortfalls and UNRWA efforts to attract new donors, particularly Arab States, as well as the continuing difficult political context in West Bank and Gaza and its implications for UNRWA's humanitarian mandate. Witten explained USG funding constraints and uncertainty for FY 2009, but reaffirmed USG commitment to UNRWA. AA/S Witten strongly cautioned senior UNRWA officials to avoid letting the commemoration of its 60th anniversary turn into a forum for political debate or criticism of Israel. CG AbuZayd strongly agreed and stressed that the aim was to promote new donor interest in UNRWA and UNRWA's mission of providing services to the UNRWA-registered Palestinian population. On November 18, AA/S Witten and CG AbuZayd signed the 2009 USG-UNRWA Framework for Cooperation, which lays out mutual priorities for 2009, including performance targets for UNRWA's health, education, relief and social services, and its emergency programs.

¶11. AA/S Witten has cleared this cable.
Walles